

Message Text

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14-L

ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 NSC-05 NSCE-00 NEA-10

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 7797

INFO AMEMBASSY LONDON

AMCONSUL HONG KONG

LIMITED OFFICIAL USE BANGKOK 2450

E.O. 11652: N/A

TAGS: EAIR, TH, UK

SUBJ: CIVAIR: THAI INTER-AIR SIAM ROUTE STRUGGLE

REF: A) BANGKOK 1569 B) BANGKOK 630

1. SUMMARY. THE GOVERNMENT APPEARS TO BE LURCHING TOWARD A DECISION, POSSIBLY BY NEXT WEEK, ON AIR SIAM'S PROPOSAL THAT IT BE AWARDED ROUTE RIGHTS NORTH OF HONG KONG AT THE EXPENSE OF THAI INTERNATIONAL. END SUMMARY.

2. BANGKOK "POST," WHICH REPORTED ERRONEOUSLY FEB 4 THAT CABINET HAD APPROVED AIR SIAM'S ROUTE RAID PROPOSAL, ON FEB. 6 QUOTED PRIMIN KHUKRIT AS SAYING FINANCE MINISTER BOONCHU WILL "MEDIATE" THE ISSUE ON HIS RETURN FROM MANILA AT WEEK'S END. CABINET HOPES TO HAVE BOONCHU'S RECOMMENDATIONS IN HAND IN ORDER MAKE FINAL DECISION FEB 10, ACCORDING "POST."

3. ARTICLE QUOTED PRIMIN AS SAYING GOVERNMENT WOULD NOT PERMIT THAI INTER TO GO BANKRUPT AS RESULT OF TRANSFER OF PROFITABLE ROUTES TO AIR SIAM, "BUT AT SAME TIME GOVERNMENT WILL TRY PREVENT AIR SIAM FROM GOING BANKRUPT."

4. "POST" QUOTED RTG SPOKESMAN AS SAYING FORNMIN CHATCHAI PROPOSED AT FEB 3 CABINET MEETING THAT GOVERNMENT APPROVE

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AIR SIAM'S PROPOSAL (SEE PARA 3 REF B), ADDING THAT HE WAS

SUPPORTED BY DEPUTY COMMUNICATIONS MINISTER BOONYONG WATTANAPHONG, DEPUTY FINANCE MINISTER PRAPHATPHONG VEJAJIVA, AND DEPUTY INDUSTRY MINISTER SAWAENG PHIBULSARAVUD. COTERIE REPORTEDLY SOUGHT IMMEDIATE APPROVAL OF AIR SIAM'S PROPOSAL ON BASIS THAT AIR SIAM IS PRIVATE COMPANY RECEIVING PROMOTIONAL RIGHTS FROM RTG, IS CURRENTLY SUFFERING HEAVY LOSSES, AND SHOULD THEREFORE BE RESCUED.

5. OPPOSITION WAS LED BY COMMUNICATIONS MINISTER SIRI SIRIYOTHIN, WHO, ACCORDING SPOEKSMAN, WARNED THAT THAI INTER WOULD SUFFER GREAT FINANCIAL LOSSES IF NORTHERN ROUTE RIGHTS ARE WITHDRAWN.

6. AIRLINES ARE, OF COURSE, LOBBYING HARD, WITH THAI INTER TAKING PUBLIC POSITION THAT CARETAKER GOVERNMENT SHOULD AS MATTER OF BOTH LAW AND POLICY DEFER DECISION AFFECTING NATIONAL ENTERPRISE, PENDING ELECTION OF NEW GOVERNMENT. AIR SIAM, CONFIDENT OF HIGH-LEVEL SUPPORT IN CURRENT GOVERNMENT, IS NATURALLY PLEADING FOR DECISION NOW, ON BASIS THAT CARETAKER GOVERNMENT HAS AUTHORITY TO RULE ON PROBLEMS OF A "CONTINUING" NATURE.

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Message Attributes

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